## Message Text

SECRET

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INFO OCT-01 ISO-00 /001 W

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC IMMEDIATE 3788

S E C R E T ISLAMABAD 9238

NODIS CHEROKEE

E.O. 11652: XGDS-2

TAGS: MNUC, TECP, PK, FR

SUBJECT: FRENCH REPROCESSING PLANT FOR PAKISTAN

REF: STATE 217558

- 1. SHAHI VISIT AND REPROCESSING DISCUSSION SEEM TO HAVE GONE ACCORDING TO FRENCH SCRIPT AND, AT THE VERY LEAST, WE HAVE BOUGHT SOME MORE TIME. FOLLOWING OBSERVATIONS ASSUME FRENCH WILL TELL US NO EQUIPMENT/TECHNOLOGY HAS BEEN TRANSFERRED SINCE AUG 4.
- 2. OUR IMMEDIATE PROBLEM, AS FLAGGED BY AMBASSADOR HARTMAN, IS HOW TO HANDLE THE GLENN AMENDMENT. PREVIOUSLY WE HAD RECOMMENDED MOVING AHEAD ON AID LOANS TO AVOID ECONOMIC SANCTIONS BECOMING A CAMPAIGN ISSUE. HOWEVER, THE FRENCH INITIATIVE, SHAHI'S REACTION AND THE PUBLIC STANCE TAKEN BY GOP AND GOF FOLLOWING THE PARIS TALKS CONSIDERABLY CHANGE THE CONTEXT. IF WE GO AHEAD WITH LOANS WE FACE TWO PROBLEMS: (1) GENERATING AN ELECTION CONTROVERSY IN PAKISTAN THAT WE HAVE SOMEHOW FORCED THE GOF AND GOP TO BACK DOWN ON THE AGREEMENT (AS FEARED BY SHAHI) AND THEREBY POSSIBLY JEOPARDIZING FRENCH INITIATIVE; AND (2) HAVING TO RATIONALIZE PUBLICLY AND ON THE HILL NEW AID AGREEMENTS IN THE SECRET

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FACE OF THE FIRM REITERATION IN PARIS THAT THE REPORCESSING AGREEMENT IS GOING FORWARD, AND POSSIBLY IN THE FACE OF PUBLICIZED NEW SHIPMENTS.

3. AGHA SHAHI LEAVES ISLAMABAD SEPT 17 FOR NEW YORK. FOLLOWING COULD BE CONVEYED BY ME IN ISLAMABAD BEFORE THAT, OR AFTERWARDS IN NEW YORK.

- --WE HAVE HEARD FRENCH REPORT OF CONVERSATIONS IN PARIS.
- --WE HAD HOPES OF GETTING USG APPROVAL FOR NEW AID INPUTS UNDER GLENN AMENDMENT. WE UNDERSTAND AGHA SHAHI DOES NOT WICH TO HAVE USG MOVE IN THIS WAY. WE WILL AVOID GIVING GOP POLITICAL PROBLEMS, BUT HE SHOULD KNOW WE HAD BELIEVED IT MIGHT BE POSSIBLE UNDER GLENN AMENDMENT, PUBLICLY EXPLAINABLE WITHOUT REFERENCE TO ANY FRENCH PROPOSAL, FOR US TO APPROVE NEW AID INPUTS.

SHOULD SHAHI ARGUE THAT GOP WANTS TO PROCEED WITH LOANS. I PROPOSE TO RESPOND:

- --WE UNDERSTAND AGHA SHAHI HAD REQUESTED SOME SHIPMENT OF TECHNOLOGY/EQUIPMENT BEFORE PAKISTANI ELECTIONS. WE HOPE HE CAN RECONSIDER, BECAUSE SUCH SHIPMENT WOULD RUN RISK OF TRIGGERING US LEGISLATIVE SANCTIONS UNDER GLENN AMENDMENT--SANCTIONS WE HAD GOOD HOPES WE COULD AVOID IF NO FURTHER SHIPMENTS ARE MADE IN THE NEAR FUTURE.
- --OTHER US ACTIVITIES ARE ALSO UNDER WAY IN FIELDS NOT AFFECTED BY LANGUAGE OF GLENN AMENDMENT: PL-480, NARCOTICS CONTROL, ARMS SALES.
- 4. WE UNDERSTAND THAT AID/W HAS TAKEN ACTIONS TO EFFECTIVELY OBLIGATE ALL LOAN FUNDS FOR PAKISTAN (BUT NOT GRANTS), SO THAT MAJOR US AID INCLUDING \$25 MILLION FOR AGRICULTURAL INPUTS (FERTILIZER) COULD BE SIGNED SECRET

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AFTER ELECTIONS (AND AFTER NEW FISCAL YEAR) USING FY-77 FUNDS. IF SO, WE HOPE AID WILL NOT RE-PROGRAM THOSE MONIES IN HOPE OF USING FY-78 FUNDS; LATTER COURSE WOULD WE UNDERSTAND RESULT IN NEW CONGRESSIONAL NOTIFICATIONS AND POSSIBLY NEW HEARINGS, AND ALSO WOULD IMPACT ON PLANNED FY-78 PROGRAMS SOON TO RECEIVE CONGRESSIONAL APPROVAL.

- 5. FINALLY, IF WE DO POSTPONE FURTHER CONSIDERATION OF AID LOANS, I HOPE IT CAN BE ACCOMPLISHED WITHOUT PUBLICITY. SHOULD THERE BY ANY, OUR PUBLIC POSTURE SHOULD BE ALONG THE LINES THAT WE ARE EXAMINING THE IMPLICATIONS OF THE GLENN AMENDMENT IN THE CONTEXT OF THE PAKISTANI-FRENCH AGREEMENT, BUT NO DECISIONS HAVE BEEN TAKEN.
- 6. DEPT PLEASE PASS TO PARIS. HUMMEL

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	Margaret P. Grafeld	Declassified/Released	US Department of State	EO Systematic Review	22 May 2009
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## Message Attributes

Automatic Decaptioning: X

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